

ENERGY EFFICIENCY & RESOURCE MANGEMENT COUNCIL

Minutes-June 14, 2012

Conference Room B, Second Floor DOA

Call to Order: Chairman Ryan called this pre-meeting to order at 3:45 PM

Members Present: Marion Gold, Chris Powell, Dan Justynski, Joe Cirillo, Abigail Anthony, Joe Newsome, and Paul Ryan

Consultants Present: George Lawrence, Scudder Parker & Mike Guerard

Staff Present: Patrick McCarthy and Charles Hawkins

Others Present: Tim Faulkner, Michael McAteer, Jeremy Newberger Angela Li, Rachel Henschel, Chris Kearns, Rachel Sholly, Puja Vohra, Wendy Waller, Sabrina Ulansova, Cara Nunez, Sarah Martin, Jarret Katz, Eric Kretsen and Ron Renaud

Acceptance of Minutes: Paul Ryan made a motion to approve the May minutes. It was seconded by Joe C. and passed unanimously

VEIC Update on the Gas Opportunity Report

George Lawrence of VEIC was introduced to give this presentation. VEIC is working with consultants from Optimal Energy to find new opportunities for natural gas savings. This is necessary to meet the aggressive new savings goals for gas. They are researching NGrid data, interviewing experts in the industry and looking at what other jurisdictions are doing now. NGrid will then decide which measures make the most sense out of a menu of options. They will prioritize what the best opportunities are. A rough draft has been sent out for comment and a lot of work still needs to be done.

VEIC has been collecting data and have done the initial screening. They have interviewed 15 energy users, including Chris P., and have identified 100 opportunities. They talked with gas experts from Canada & California and had them fill out a questionnaire about the barriers they have encountered and the new technologies that are out there that could result in market transformation through better training. The emphasis is on new technologies that are available now.

Of the 100 opportunities studied, 46 were selected for further characterization. These opportunities were applicable to RI, had verifiable savings, and are not currently offered in RI. 40% of RI housing is multi-family, which is well above the national average. This makes it a possible underserved niche. Other potential underserved niches include laundries and restaurants. Educational opportunities for architects, engineers & building supervisors are

being looked at as well as increasing the number of energy managers at Commercial & Industrial (C&I) facilities. Mike M. said NGrid is looking for opportunities not only in individual components, but in whole systems.

Next steps will be getting feedback from the advisory group; completing the research to better define what the measures are; and discussing the results with the Council. Dan J. asked if they were looking at opportunities to convert to gas home appliances. He would like to get more gas appliances into homes and see what the savings would be. Are there any programs that encourage this type of conversion? Chris P. mentioned ECM motors & variable speed controls on residential water heating systems as gas energy efficiency (EE) savings opportunities. These can be adjusted to get the right flow rate. He feels it is a great EE measure that can have double savings. Mike M. said that is important that the market can absorb these new technologies. How will they be integrated?

Joe C. talked about training Big Box stores personal about EE appliances. These employees can be a resource. Rachel H. said that NGrid does work with retail outlets like Home Depot, Lowes and Sears to integrate EnergyStar products. NGrid has done in-store training on EnergyStar appliances at many of these stores. If an EnergyStar sign is displayed, NGrid has been there. Mike M. talked about a Taco breakthrough with control modules that cost less than \$500 and don't need a skilled electrician to install.

Jeremy N. asked when the deadline was for comments on the draft of the gas opportunity Report. The end of the next week would be the cut-off for comments.

Update & Discussion of Recent Legislation and the 2012 Budget

Abigail A. cited the legislation that formed the Petroleum Savings Independence Advisory Commission which will be charged with creating a plan for reducing RI's petroleum consumption that equals the maximum economically achievable savings. The targets are a 30% reduction in petroleum consumption by 2030 and a 50% reduction by 2050. The EERMC will have seat on this 17 member Council.

Abigail A. wanted to note that there are only so many energy dollars and when they are spent on other things it crowds out EE projects that are cost effective (CE) for ratepayers. The Council has always been aware of this and has consistently not spent their entire 2% of the DSM budget. These legislative changes will put upward pressure on the DSM and the PUC will see this. This will have a real impact on the DSM and make it more difficult to reach EE goals.

Dan J. wanted to add that he will hold the OER accountable for how they spend their 40%. He feels that renewable energy (RE) is not LCP and that the Council has a mandate to pursue LCP. He wanted to

know, over the last three years, what the Council's total allocation was to the OER for their logistic work. Paul R. said that the way the law was written EERMC does not have oversight over how the OER spends their 40%.

Abigail A. said that although the Council does not have oversight, OER has to make sure that their projects are CE.

Update on the RGGI Spending Plan

A consultation meeting was held on the 2012 RGGI Spending Plan, that included the EERMC RGGI Sub-committee, the OER & DEM. There was considerable disagreement on how the money should be spent. Chris P. & Abigail met with OER's Barbara Cesaro in January to discuss the revenue from RGGI Auction 11-14 and were under the impression that the 2012 plan would include funding for LCP & then a smaller pot for innovative EE projects such as BOC Training and solar thermal. Abigail A. was expecting a similar plan to 2011 and was blindsided when OER came in with a plan that spends 60% of the funds on EE in state buildings and the remaining 40% on RE in state buildings and stipulated that it would be administered by OER. Her concern is that ratepayer benefit will not be maximized. The money should be reinvested in EE because that gives the biggest bang for the buck.

Joe N. wanted to see if some of the revenue could be used for multi-family EE. Chris P. talked about a C&I loan guarantee that could supplement other funding sources. He said that the RGGI enabling legislation has not changed and that it still calls for CE ratepayer relief for consumers. He feels that before going forward the Council should take a step back and find out what is CE and make a plan that reflects that. Joe N. felt that there was not much give and take at the meeting. He feels the OER is on life support and are trying to get funding to operate.

Abigail A. cited a draft letter that encourages the OER to reinvest the RGGI finding in CE EE because it has proven to have economic benefit for the state. She wanted to know how the Council wanted to proceed. Do we set up a Sub-committee to work on a letter and then send it? Scudder P. said that RGGI revenue comes from electric ratepayers. Therefore it is logical to invest this money in LCP which helps lower the DSM. Chris P. says it goes back to when RGGI was formed when the concept of CE was what got states to sign on. They wanted strict rules on how the money was spent. It was set up to be a model for how a national cap & trade program should be run.

Marion G. asked if the meeting was with DEM leadership and what their reaction was to OER's proposal. Paul R. said that DEM did not present the plan with Barbara C., but seemed like more of an arbiter. Paul R. wanted to know what happens if DEM, OER & EERMC do not agree on a plan. Is there a tiebreaking mechanism in the law? Marion

G. wanted to know if the OER has the capability to run CE EE programs. Abigail A. said that currently RI has the highest value added for RGGI money invested than any of the other RGGI states. This is due to the fact that RI invests in CE LCP.

Paul R. made a motion to have the RGGI Sub-committee amend & finalize the letter and send it to the OER. It was seconded by Chris P. and passed unanimously.

2012 EE Program Plan Indicators of Performance/Fund Transfer Vote

The VEIC consultant team was introduced to give this presentation on how NGrid was progressing on the 2012 EE PP savings goals. It is a follow up to the May meeting memo and presentation where VEIC noted several “red flag” programs that were not on a trajectory to reach their savings goals. One solution discussed was transferring funds from one sector to another to make up for shortfalls. Paul R. wanted to separate the fund transfer from the key indicator discussion.

As a result of the shortfall in the Low Income (LI) Sectors VEIC was directed to further communicate with NGrid’s program plan staff to come up with ideas to breach this shortfall. One result is the transfer fund letter that is in the member’s briefing package. There are three sectors, LI, C&I and residential; and they all have both gas & electric. There are concerns with all six buckets. The biggest red flag is the

residential gas budget which has only achieved 2% of its goals. There are two gas residential programs: EnergyWise, which insulates low income homes; and the Residential Heating Program which represents a large part of the gas residential savings goals. This program lost key winter months when there were no application forms on the website. The three winter months is where you get most of your savings in the heating program, so it is going to be very hard to make these savings goals. They will have to be made up someplace else.

On the LI electric side, even with the ProCap problem impacting Providence production, working with the other CAPs, these savings goal should be reached. This is not the case with the LI gas programs where a lot of the work is in Providence. There is concern that about \$300,000 of the LI budget can't be moved this year. One area that is primed to get additional savings is LI multi-family units; but any complex with over 4 units is considered C&I. Moving \$300,000 from the LI budget to the C&I Retro-fit budget would allow work to be done on units that contain more than 4 households. This will enable the LI goals to be reached by moving funding to C&I. However, such an EE PP budget transfer needs to be approved by both the EERMC and the DPUC.

Rachel H. said that the letter to Dan Prentiss in the briefing package is NGrid's filing to request this transfer. It will result in EE work in 8 multi-family complexes, six of which are LI. NGrid is asking for this

transfer to serve about 1100 units. NGrid believes they can move quickly on these 8 projects to enable them to reach LI savings goals. Dan J. asked if there was an appetite among landlords to get this work done. Yes, because on LI work, NGrid pays the entire cost for the EE work.

Mike G. said that this is an example of using C&I funding to reach LI goals. RI has an opportunity to make multi-family EE work. VEIC has been meeting with stakeholders like RI Housing and NGrid and through their vendors have identified these six projects. Joe N. said that these complexes are considered L&M for low and moderate incomes. They are rarely all LI and he wants the work to be done to LI units. Rachel H. said that all units that will be worked on have had LI electric measures done. Puja V. said that RISE is going back to these units to do deeper energy audits. Jeremy N. said the advantage is that these projects can be done quickly and provide information to help with future LI multi-family projects.

Joe N. said that multi-family is a large segment that until now has been ignored. He would like a line item in the EE PP that includes multi-family. He sees a big opportunity here. Massachusetts has been very aggressive in addressing this issue. Rachel H. said that multi-family EE is not CE. These are very expensive projects. Scudder P. said that in other state multi-family EE is the stepchild of other EE programs. Mike G. said that RI has a chance to be an industry leader in multi-family EE.

Dan J. would like to see something that ensures the EE benefits go to the residents and not the landlord with rent reduction as the primary goal. Joe N. feels there needs to be an educational component and a strong behavioral commitment.

Joe N. made a motion to approve the transfer of up to \$300,000 from the Low Income Residential Sector to the Commercial & Industrial Retro-fit Sector. It was seconded by Abigail A. and passed unanimously.

VEIC Monthly Report (attached)

Mike G. has been meeting with key RI stakeholders like the Capitol Good Fund, the Green & Healthy Home Initiative (GHHI) and RI Housing. They have also been working on the Gas OR, and on an EE behavioral survey. They are also beginning the 2013 EE PP process.

Paul R. asked about the timetable for the 2013 EE PP. There will be three DSM Collaborative meetings this summer to elicit feedback. A draft of the plan will be ready by September 7th. There will then be an in depth discussion of the plan at the September Council meeting with a goal of voting on the plan at the October council meeting. He felt that a good time for the Community Review would be sometime in September.

Joe N. asked about the themes for the plan. Jeremy N. said that they will be in line with the themes of the 3-Year plan. One component of the plan will be a behavioral program. This is not new, because it was in the 3-year Plan, but it has not been implemented.

Joe N. wanted to bring up a sensitive subject that he raised at a previous meeting. The 14 small minority business contractors, certified by GHHL, have not been paid. This is a serious problem and these vendors are now close to the edge. Chris P. said that he did mention this to GHHL and found out that they had not been paying any of their vendors. Pat M. has met with GHHL to try and line up their expenses with the proper funding sources. He thought the problem has been resolved. Joe. N. wanted to emphasis that this is a tremendous burden for these small business people.

Public Comment

Pat M. wanted to announce that this would be his last meeting as Interim Executive Director because he was moving on to DHS. He wanted to thank the Council for the experience and said he learned a lot by listening. He also wanted to assure Joe N. that he will set up a meet and greet with DHS's Sandra Powell as he promised at the last meeting

Marion G. wanted to introduce the latest round of URI energy fellow

who were in attendance. These students are working on the EPA Climate Showcase as well as doing research on multi-family EE. As part of the EPA grant they are baselining energy use in the four participating towns.

Paul R. made a motion to adjourn the meeting. It was seconded by Joe N. and passed unanimously. The meeting was adjourned at 5:25 PM

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore